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Report Highlights:

For 1999/2000, record soybean production is expected in Argentina, based on greater area and good yields. Crop area will likely expand even further in 2000/2001, as soybeans should be the most profitable alternative for the farmer. After a favorable 1999/2000, sunflowerseeds may surrender area to soybeans and output may decline in the next season as cultivation moves farther west into dryer, less productive areas. Peanut area for 2000/2001 should remain stable at around its current level, but output may decline as yields slip from near records. With continued large domestic oilseed supplies in 2000/2001, Argentina will remain a major force in world trade, especially for vegetable oils and meals.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

As farmers made planting decisions in the latter half of 1999, acceptable soybean prices on world markets meant that area dedicated to this crop increased for the 1999/2000 year, and this fact, combined with favorable weather in most regions, pushed production to a new record of 21.0 million metric tons (mmt) and exports of soybean products to new highs as well. In contrast, sunflowerseed planting, and thereby output, decreased as world seed and product prices slipped from the very favorable levels of 1998/99. This fact negatively impacted exports of both seed and products, pushing both downward year to year. For peanuts, land area continued its contraction as some farmers and planting pools left what was for them an industry with higher risk than profit, and moved to other crops such as corn. Overall, though, expanded output for the combination of these three crops has meant that Argentina continues to maintain its leading role in oilseeds and products exports.

At expected price levels for the 2000/2001 year, area planted to soybeans should increase, taking land from corn and sunflowerseed regions and perhaps opening new areas as well, although for extensive new areas to be put under cultivation, prices would have to be much higher than currently expected as conversion of pasture or idle land to row crops can be costly. Peanut production will depend on profits in the current year, but will likely remain near its current, more stable level of about 200,000 planted hectares, again unless prices are unexpectedly higher next season.

Section I. Situation and Outlook

Current Situation and Review of 1999/2000

Argentine oilseed production continued its upward trend in 1999/2000, and both soybean area and production are expected to reach record levels. Much of the production increase was driven by expanded area, but excellent growing conditions, unusually so in the more western portions of the soybean belt (Cordoba province, for example), supported yields. Although dryer conditions prevailed for second-crop soybeans during the latter part of their development, sufficient rainfall came before serious damage resulted. The provinces of Chaco, and to a lesser extent Salta and Santiago del Estero, also contributed positively to greater area in the current season. In those provinces, farmers in some cases planted fewer dry beans, a crop with which it competes for land. Dry bean prices decreased due to negative international market supply and demand factors.

Farmers continued to employ up-to-date technology, including transgenic planting seed (area planted to transgenic soybeans accounted for about 80-90 percent of all soybeans planted), which works well within Argentina's cropping system. In fact, double-crop soybeans (soybeans planted after another crop, normally wheat) expanded percentage wise as compared to the 1998/99 season.

With greater soybean seed supplies available domestically, exports of seed and domestic use for processing both increased, the latter to record levels, which will result in Argentina continuing to be a leader in world oilseed product markets.

For 1999/2000, farmers planted fewer hectares to sunflowerseed. Area declined by about 13 percent from the previous year's record of about 4.1 million hectares, as lower prices for oil and seed in world markets negatively impacted production decisions. Also, farmers began to move sunflowerseed production more toward the western areas of the grain

belt, taking advantage of its ability to withstand the dryer conditions prevalent there, and allowing the traditional production areas to be replaced by more profitable soybeans. Fortunately, production conditions for much of the year for this crop were very good, with less damage inflicted by the common high winds and untimely rainfall that often reduces plant pollination. Although not a record, abundant production will result in continued large exports, while crush will decrease somewhat as seed demand in world markets remains strong.

Table 1. Percentage of Double Crop Soybeans, Major Provinces

Province	1998/99	1999/2000
Buenos Aires	38%	39%
Cordoba	19%	23%
Entre Rios	52%	68%
Santa Fe	27%	32%
Total for all Provinces	26%	28%

Data is percent of total provincial area planted to second crop soybeans

Source: SAGPyA, Estimaciones Agrícolas, various issues

Peanut area declined in 1999/2000 as some farmers got out of the business after several years of bad weather which severely impacted yield, production and profits. Despite this decline in area, production expanded as growing conditions were very good throughout the year. Yields, while not records, were good. With the reduction in the number of acres came better cultivation methods, too, and this trend could be expected to continue as only better farmers stay in the business.

Outlook

As always, the final production figures for the next year will depend greatly on farmer expectation of relative prices, input use, and weather. However, most analysts believe that soybeans represent the most profitable alternative in their production systems, and will move toward that crop, especially when teamed with wheat. Seed trade is expected to increase slightly as world markets may demand more raw materials. However, processing will still command the majority of Argentina's domestic output, and they will continue to be a world leader in oilseed product exports.

In contrast, lower expected sunflowerseed output will slightly weaken Argentina's exports of seed and products, although the country will still be a leader in these categories. For trade and processing, world demand for meal and oil will influence the amount of seed that is directed into value-added channels.

Regarding peanuts, similar production levels in 2000/2001 will mean that Argentina will still be a factor in world trade. The amount of raw materials directed to export or processing channels will depend on world prices and quality factors, although most are expected to be exported as peanuts.

For the 2000/2001 year, post projects soybean output at 21 mmt, sunflowerseed production at 6 mmt, and peanuts at

400,000 metric tons.

Section II. Statistical Tables

Table 2. Soybean Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Area Planted	8200	8392	8350	8550	0	9000
Area Harvested	8165	8000	8350	8390	0	8800
Beginning Stocks	570	570	310	310	350	350
Production	19900	19900	21000	21000	0	21000
MY Imports	500	500	500	500	0	500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	20970	20970	21810	21810	350	21850
MY Exports	3300	3300	3900	3900	0	4000
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	16800	16800	17000	17000	0	17000
Food Use Dom. Consump.	10	10	10	10	0	0
Feed,Seed,Waste Dm.Cn.	550	550	550	550	0	500
TOTAL Dom. Consumption	17360	17360	17560	17560	0	17500
Ending Stocks	310	310	350	350	350	350
TOTAL DISTRIBUTION	20970	20970	21810	21810	350	21850
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	3194	0	3411	0	3500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 3. Soybean Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Oilseed, Soybean		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.	20636	U.S.	33419
Others		Others	
Holland	465737	China	784136
China	432307	Holland	655224
Spain	400531	Thailand	255285
Taiwan	284192	Germany	93169
Malaysia	155582	Taiwan	92780
Thailand	146460	Spain	90867
Israel	138084	Egypt	74279
Mexico	135064	Japan	57854
Italy	122705	Chile	51368
Morocco	105109	Iran	47500
Total for Others	2385771		2202462
Others not Listed	764790		267757
Grand Total	3171197		2503638

Table 4. Soybean Prices

Prices Table			
Country	Argentina		
Commodity	Oilseed, Soybean		
Prices in	US\$	per uom	mt
Year	1998	1999	% Change
Jan	242	191	-21.07%
Feb	241	173	-28.22%
Mar	234	167	-28.63%
Apr	229	169	-26.20%
May	231	165	-28.57%
Jun	220	166	-24.55%
Jul	220	164	-25.45%
Aug	205	174	-15.12%
Sep	207	188	-9.18%
Oct	213	187	-12.21%
Nov	214	178	-16.82%
Dec	206	182	-11.65%
Exchange Rate		Local currency/US \$	

Table 5. Soybean Oil Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Crush	16800	16800	17000	17000	0	17000
Extr. Rate, 999.9999	0.172917	0.172917	0.172941	0.172941	ERR	0.170588
Beginning Stocks	123	123	100	100	111	111
Production	2905	2905	2940	2940	0	2900
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3028	3028	3040	3040	111	3011
MY Exports	2825	2825	2825	2825	0	2800
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	5	5	5	5	0	5
Food Use Dom. Consump.	98	98	99	99	0	95
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	103	103	104	104	0	100
Ending Stocks	100	100	111	111	0	111
TOTAL DISTRIBUTION	3028	3028	3040	3040	0	3011
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	2454	0	3034	0	3000
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 6. Soybean Oil Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Oil, Soybean		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.	1	U.S.	
Others		Others	
China	328625	Bangladesh	338054
Iran	221360	India	273781
Venezuela	210670	Pakistan	272191
Pakistan	170326	China	270868
India	140792	Venezuela	172799
Bangladesh	140300	Brazil	109760
Brazil	116622	Iran	87677
Colombia	108389	Egypt	80380
Malaysia	91905	South Africa	77903
Peru	88903	Colombia	71336
Total for Others	1617892		1754749
Others not Listed	482412		326100
Grand Total	2100305		2080849

Table 7. Soybean Oil Prices

Prices Table			
Country	Argentina		
Commodity	Oil, Soybean		
Prices in	US\$	per uom	mt
Year	1998	1999	% Change
Jan	628	522	-16.88%
Feb	628	475	-24.36%
Mar	647	409	-36.79%
Apr	637	422	-33.75%
May	650	405	-37.69%
Jun	603	380	-36.98%
Jul	580	356	-38.62%
Aug	586	379	-35.32%
Sep	600	389	-35.17%
Oct	585	374	-36.07%
Nov	590	364	-38.31%
Dec	580	355	-38.79%
Exchange Rate		Local currency/US \$	

Table 8. Soybean Meal Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Crush	16800	16800	17000	17000	0	17000
Extr. Rate, 999.9999	0.814881	0.814881	0.814706	0.814706	ERR	0.814706
Beginning Stocks	279	279	300	300	250	250
Production	13690	13690	13850	13850	0	13850
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	13969	13969	14150	14150	250	14100
MY Exports	13219	13219	13450	13450	0	13450
MY Exp. to the EC	5500	5500	5700	5700	0	5000
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	450	450	450	450	0	400
TOTAL Dom. Consumption	450	450	450	450	0	400
Ending Stocks	300	300	250	250	250	250
TOTAL DISTRIBUTION	13969	13969	14150	14150	250	14100
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	11590	0	13512	0	13500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 9. Soybean Meal Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Meal, Soybean		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Italy	1291322	Italy	1447684
Holland	1120183	Holland	1243142
China	1013655	Spain	1160364
Spain	997447	Denmark	686725
Iran	604406	Belgium	541058
Belgium	548984	Egypt	523954
Denmark	497395	Portugal	433042
Egypt	493703	Thailand	361898
Germany	313967	Malaysia	329855
Thailand	270840	China	270836
Total for Others	7151902		6998558
Others not Listed	2711726		2663968
Grand Total	9863628		9662526

Table 10. Soybean Meal Prices

Prices Table			
Country	Argentina		
Commodity	Meal, Soybean		
Prices in	US\$	per uom	mt
Year	1998	1999	% Change
Jan	201	140	-30.35%
Feb	197	129	-34.52%
Mar	159	118	-25.79%
Apr	143	120	-16.08%
May	145	119	-17.93%
Jun	140	120	-14.29%
Jul	138	116	-15.94%
Aug	125	134	7.20%
Sep	126	148	17.46%
Oct	131	153	16.79%
Nov	144	147	2.08%
Dec	149	147	-1.34%
Exchange Rate		Local currency/US \$	

Table 11. Sunflowerseed Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oilseed, Sunflowerseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Area Planted	4024	4097	3500	3550	0	3400
Area Harvested	4024	3909	3450	3400	0	3300
Beginning Stocks	188	188	193	193	133	133
Production	7100	7100	6400	6400	0	6000
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	7288	7288	6593	6593	133	6133
MY Exports	910	910	850	850	0	550
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	6125	6125	5550	5550	0	5440
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	60	60	60	60	0	60
TOTAL Dom. Consumption	6185	6185	5610	5610	0	5500
Ending Stocks	193	193	133	133	133	83
TOTAL DISTRIBUTION	7288	7288	6593	6593	133	6133
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	454	0	880	0	850
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 12. Sunflowerseed Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Oilseed, Sunflowerseed		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Holland	182679	Spain	191875
France	66176	Holland	174112
Turkey	62236	France	144670
Portugal	50960	Turkey	58536
Spain	45898	Portugal	44082
Italy	27431	Italy	28884
Greece	17300	Denmark	21114
Brazil	955	Belgium	14353
Taiwan	570	Israel	9500
Belgium	502	Lebanon	7328
Total for Others	454707		694454
Others not Listed	486		17523
Grand Total	455193		711977

Table 13. Sunflowerseed Prices

Prices Table			
Country	Argentina		
Commodity	Oilseed, Sunflowerseed		
Prices in	US\$	per uom	
Year	1998	1999	% Change
Jan	256	222	-13.28%
Feb	269	198	-26.39%
Mar	291	180	-38.14%
Apr	306	195	-36.27%
May	305	212	-30.49%
Jun	3005	200	-93.34%
Jul	305	196	-35.74%
Aug	284	196	-30.99%
Sep	275	196	-28.73%
Oct	275	201	-26.91%
Nov	257	187	-27.24%
Dec	239	177	-25.94%
Exchange Rate		Local currency/US \$	

Table 14. Sunflowerseed Oil Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Crush	6125	6125	5550	5550	0	5440
Extr. Rate, 999.9999	0.396735	0.396735	0.396396	0.396396	ERR	0.399816
Beginning Stocks	71	71	125	125	69	69
Production	2430	2430	2200	2200	0	2175
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2501	2501	2325	2325	69	2244
MY Exports	1815	1815	1695	1695	0	1600
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	551	551	551	551	0	550
Feed Waste Dom. Consum	10	10	10	10	0	10
TOTAL Dom. Consumption	561	561	561	561	0	560
Ending Stocks	125	125	69	69	0	84
TOTAL DISTRIBUTION	2501	2501	2325	2325	0	2244
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	1429	0	1733	0	1700
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 15. Sunflowerseed Oil Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Oil, Sunflowerseed		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.	2314	U.S.	87
Others		Others	
Egypt	177813	India	361237
India	154680	South Africa	131652
Iran	143700	Holland	115010
South Africa	131073	Egypt	111370
Russia	116817	Algeria	75012
Turkey	114173	Russia	74121
Holland	107132	Iran	54850
Slovenia	77100	Turkey	28828
Venezuela	60201	Venezuela	27003
Algeria	50550	Brazil	21404
Total for Others	1133239		1000487
Others not Listed	410100		223383
Grand Total	1545653		1223957

Table 16. Sunflowerseed Oil Prices

Prices Table			
Country	Argentina		
Commodity	Oil, Sunflowerseed		
Prices in	US\$	per uom	
Year	1998	1999	% Change
Jan	626	528	-15.65%
Feb	623	454	-27.13%
Mar	653	418	-35.99%
Apr	675	453	-32.89%
May	738	450	-39.02%
Jun	705	420	-40.43%
Jul	670	412	-38.51%
Aug	624	434	-30.45%
Sep	628	435	-30.73%
Oct	639	414	-35.21%
Nov	633	383	-39.49%
Dec	608	375	-38.32%
Exchange Rate		Local currency/US \$	

Table 17. Sunflowerseed Meal Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Meal, Sunflowerseed				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Crush	6125	6125	5550	5550	0	5440
Extr. Rate, 999.9999	0.420082	0.420082	0.42018	0.42018	ERR	0.426471
Beginning Stocks	90	90	93	93	93	93
Production	2573	2573	2332	2332	0	2320
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2663	2663	2425	2425	93	2413
MY Exports	2420	2420	2180	2180	0	2150
MY Exp. to the EC	2400	2400	1500	1500	0	1500
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	150	150	152	152	0	150
TOTAL Dom. Consumption	150	150	152	152	0	150
Ending Stocks	93	93	93	93	0	113
TOTAL DISTRIBUTION	2663	2663	2425	2425	0	2413
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	2058	0	2296	0	2200
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table.18. Sunflowerseed Meal Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Meal, Sunflowerseed		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.		U.S.	25200
Others		Others	
Holland	846765	Holland	771343
United Kingdom	366115	United Kingdom	277658
Denmark	169945	France	146530
Italy	158951	Denmark	111580
France	118109	Italy	104960
Belgium	114123	Belgium	90365
Spain	48506	Cuba	38968
Ireland	46834	Spain	37253
South Africa	37122	Portugal	31938
Morocco	31780	Thailand	17683
Total for Others	1938250		1628278
Others not Listed	223913		120318
Grand Total	2162163		1773796

Table 19. Sunflowerseed Meal Prices

Prices Table			
Country	Argentina		
Commodity	Meal, Sunflowerseed		
Prices in	US\$	per uom	
Year	1998	1999	% Change
Jan	111	49	-55.86%
Feb	96	48	-50.00%
Mar	76	47	-38.16%
Apr	70	50	-28.57%
May	73	53	-27.40%
Jun	68	53	-22.06%
Jul	64	53	-17.19%
Aug	61	62	1.64%
Sep	61	72	18.03%
Oct	54	76	40.74%
Nov	54	81	50.00%
Dec	55	82	49.09%
Exchange Rate		Local currency/US \$	

Table 20. Peanut Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oilseed, Peanut				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Area Planted	390	336	390	220	0	200
Area Harvested	320	320	220	215	0	200
Beginning Stocks	0	0	0	0	0	0
Production	340	340	450	450	0	400
MY Imports	0	0	0	0	0	0
My Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	340	340	450	450	0	400
MY Exports	165	165	250	250	0	150
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	125	125	150	150	0	200
Food Use Dom. Consump.	20	20	25	25	0	25
Feed,Seed,Waste Dm.Cn.	30	30	25	25	0	25
TOTAL Dom. Consumption	175	175	200	200	0	250
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	340	340	450	450	0	400
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	165	307	155	150	0	250
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 21. Peanut Oil Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Oil, Peanut				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Crush	125	125	150	150	0	200
Extr. Rate, 999.9999	0.312	0.312	0.313333	0.313333	ERR	0.3
Beginning Stocks	0	0	0	0	0	0
Production	39	39	47	47	0	60
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	39	39	47	47	0	60
MY Exports	38	38	46	46	0	59
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	1	1	1	1	0	1
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	1	1	1	1	0	1
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	39	39	47	47	0	60
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	82	0	93	0	50
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 22. Peanut Oil Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Oil, Peanut		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.	31400	U.S.	6000
Others		Others	
France	33142	France	5500
Holland	23949	Holland	63975
Hong Kong	2500	Hong Kong	3000
Australia	200	Australia	400
Malaysia		Malaysia	500
Total for Others	59791		73375
Others not Listed			
Grand Total	91191		79375

Table 23. Peanut Meal Supply and Demand

PSD Table						
Country	Argentina					
Commodity	Meal, Peanut				(1000 MT)(PERC ENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		03/1999		03/2000		03/2001
Crush	125	125	150	150	0	200
Extr. Rate, 999.9999	0.424	0.424	0.426667	0.426667	ERR	0.42
Beginning Stocks	0	0	0	0	0	0
Production	53	53	64	64	0	84
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	53	53	64	64	0	84
MY Exports	45	45	56	56	0	75
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	3	3	3	3	0	5
Feed Waste Dom. Consum	5	5	5	5	0	4
TOTAL Dom. Consumption	8	8	8	8	0	9
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	53	53	64	64	0	84
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	67	0	84	0	50
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 24. Peanut Meal Exports

Export Trade Matrix			
Country	Argentina		
Commodity	Meal, Peanut		
Time period	Oct -Sept	Units:	
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
Chile	9884	Chile	25724
Holland	22140	Holland	23928
Thailand		Thailand	22271
Indonesia		Indonesia	15105
Italy		Italy	5775
France	4185	France	3861
Ecuador		Ecuador	2770
Belgium	8115	Belgium	
Total for Others	44324		99434
Others not Listed			
Grand Total	44324		99434

Section III. Narrative on Supply and Demand, Policy & Marketing

Farm Sector Financial Crisis

Over the last few years, Argentine agriculture has suffered from lower world commodity prices and a resultant decline in profitability. This situation, plus increased taxes on fuel and profits, has increased the amount of bad debt owed by farmers to their banks and put in doubt some farmer's ability to acquire both productive inputs and capital assets. During the last year, several measures have been implemented by the government to alleviate the stress felt by this sector, including a moratorium on forced farm sales and the offer of easier repayment terms by state financial institutions. Other measures are currently being considered, including payments to reduce input prices and higher export rebates.

Some discussion has taken place as to what effect the current crisis will have on the production mix for 2000/2001, given the need for quick infusions of cash into the agricultural economy to pay off old bills and purchase new inputs for the next cycle. As it stands, this situation favors the continued production of soybeans, given the fact that the double-crop combination of wheat/soybeans can be produced at low cost and with fewer purchased inputs, especially fertilizer in the case of wheat, and saved seed for both crops. This combination is likely to take land away in some part from

sunflowerseed and corn in the coming year.

Although some farmers may go out of business due to financial hardship, this is not expected to reduce planted area, as those leaving farming may either sell their land or rent it to others. There has been concentration in the farm sector in recent years, too. Additionally, in the case of soybeans, expected output prices for the next season are good (relative to competing crops), meaning that the farmer may favor that crop over other competing enterprises.

Crop Technology

Farmers in Argentina will continue to use advanced technology in their operations, although replacement of old machinery with new may be slower as credit is tight for all but leading farmers. But, anecdotal information gathered from Argentina's version of the Farm Progress show (ExpoChacra) indicates that farmers are at least beginning to buy more equipment.

Although Roundup Ready soybeans have somewhat lower intrinsic yields, due to greater distance between nodes, the lower input cost per hectare of that crop and the simplicity of production due to its need for fewer tillage passes has supported its rapid adoption. For 2000/2001, it is likely that Argentina will continue to use this product both for those advantages and the fact that under current law farmers can replant saved seed, reducing production costs further. Additionally, improvements in yield potential for short-season soybeans, which allow a wider area to be double cropped with wheat, will support additional soybean production.

Policy

Argentina does not provide its oilseed industry with export subsidies, or its farmers with production incentives. At present, the only active policy initiatives directed toward producers include the debt moratorium and repayment plans mentioned above. That situation may change; at least leading farmers and industry representatives are questioning the current policy and suggesting that without subsidies or other assistance, Argentine agriculture cannot compete with that of other countries, and will therefore decline. However, the government would need to make substantial cash outlays to underpin such a plan, an option not likely to be viable with the country's economy growing slowly and a general philosophy against such measures.

Per a recent announcement by the Minister of Economy, some export rebates for agricultural products are set to increase to encourage trade. At present, the only oilseed affected by this announcement is peanuts, which would enjoy a boost in the rate from 5.4 percent to 8.8 percent. This would be in addition to the current rebates for all vegetable oils (3.15 percent) and vegetable meals (1.35 percent). The rebate provided to vegetable seed products exports represents only a small portion of the marketing decision of the industry, and doesn't materially affect trade quantities or destinations. The export tax for oilseeds remains at 3.5 percent.

Processing/Infrastructure

Argentina's oilseed crushing industry is a world leader, with some of the largest and most efficient plants in the world, with the added advantage that these facilities are near to export points, in some cases, directly along the Parana river. About 29 million metric tons of capacity are currently installed; despite increased domestic oilseed output, that amount is still larger than the combination of local production plus the additional product that comes from Bolivia and Paraguay. With this overcapacity and the low crush margins that have prevailed in recent years, some shakeout of the industry is expected, and plants could either change hands or go out of business.

While agriculture itself is known to be cost competitive, the industry suffers from high transport costs from the farm gate to the processing plant or export facility. Costs for hiring a truck to ship grain plus related toll charges lowers the price paid to the farmer sharply, with a follow-on effect of depressing production and profitability. Main roads have been privatized and are of good quality, making the system more efficient than it was some years ago, but many other farm to market to market roads are of lower quality and at times not passable during the critical harvest period.

A valuable resource for the oilseed industry is the efficient Parana river system. With significant investments made over the last 10 years, the “Hidrovia”, or waterway, has dramatically lowered transport costs for exporters. Although the river level did drop this year due to drought upstream, oilseed and product trade should not be affected, as the level has recovered in time for the bulk of expected trade. However, continued river dredging and other improvements have slowed, which might prevent further gains in efficiency.

Consumption and Trade

Traditionally, Argentina ships nearly all of its oilseed production to external markets, with only a small percentage used for either human or animal consumption. In the 2000/2001 year, this division is expected to continue, given that no significant growth in livestock feeding is projected. If production of soybeans expands as expected, more product could be shipped as whole beans, as world demand for seed may expand if major suppliers have their output cut by dry weather. Crushing will still command most raw materials, as the processing operations still need to have throughput to keep their plants running, even in times of low crushing margins.

Regarding the marketing of its soybean crop, there is some concern within the country about increased demands for labeling or outright restriction of trade in key destinations. Argentina has the ability to provide some limited segregation services to importers, but given the relatively small supply of non-transgenic soybeans on the local market, and an infrastructure system geared toward undifferentiated handling, Argentina’s ability to meet this changing market will be limited at least in the short term. Some trade in small lots of non-GMO soybeans has been completed in the current year, but in most cases, the price differential that the buyer is willing to pay is not sufficient for handlers to make investments necessary to develop a separate product channel. The government of Argentina remains strongly opposed to mandatory differentiation or segregation of GMO crops in their export markets.

Because of Argentina’s leading role in world sunflowerseed production and low domestic consumption, the great majority of this product will be exported into world markets as oil and meal products. As crushing margins are currently favorable, it would be expected that the local industry would continue to pull seed away from exports and into their plants to add value. Therefore, with expected lower production, the volume of seed leaving the country unprocessed is expected to fall in 2000/20001.

For peanuts, barring quality concerns, over 50 percent of production will be exported as confectionary, with the remainder processed into oil and meal, again mostly for export markets.